

FISCAL NOTE

SB 891 - HB 1083

February 17, 1997

SUMMARY OF BILL: Provides an option for deferral of property taxes by taxpayers who are 65 years of age or older with household incomes no greater than \$20,000. Property tax would be paid to the local government by the state from a revolving fund set up for that purpose.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$567,000

Increase Local Govt. Expenditures* - \$50,000

Assumes administrative expenses for state government of \$50,000 and expenses for local governments of \$50,000.

Also assumes that reimbursement to counties for several years would be an expenditure of the state, until the revolving fund was sufficient to begin providing reimbursement.

Cost of reimbursement would be approximately \$517,000, which assumes:

- Approximately 237,800 eligible householders in Tennessee in 1996.
- Participation of 1,189 of eligible householders (based on Illinois and Georgia participation rates).
- Median homes sales in Tennessee were \$79,900 in 1995.
- Estimated composite property tax rate of \$2.321.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director